# COVID-19 Emergency May Threaten 1031 Real Estate Exchanges - Deferred Sales Trusts May Be the Solution

*April 06, 2020*

April 06, 2020 - PRESSADVANTAGE -

Costa Mesa, California-based Reef Point LLC is reaching out to the community to discuss how a Deferred Sales Trust (DST) can help mitigate the impact of the COVID-19 health emergency on the real estate market.

The online journal New York Real Estate News has reported that the marketplace where lenders sell mortgages on commercial real estate has ground to a halt as traders try to assess and price risk amid the COVID-19 pandemic. The same goes for buyers, as people feel more hesitant by the day when it comes to making long-term compromises that immediately affect their personal finances, even if the conditions are more favorable than they have been in the past few years.

Being among the most affected by the current state of uncertainty of the real market, lenders are curbing new loan generation and even canceling loans currently in process. As a direct result of this, and due to the time restrictions built into it along with the potential inability to secure financing, 1031 Exchanges are not looking like a viable financial strategy at the moment, leaving many individuals at a loss on what to do to overcome these hardships.

If a 1031 Exchange fails, the property seller will owe substantial capital gains taxes, and given that there there is no planned legislation to bail out people in this situation, investors must seek alternatives to protect their capital from these harsh, unforeseen circumstances. According to Reef Point LLC, however, investors currently in the middle of a 1031 Exchange can resort to a Deferred Sales Trust to mitigate the impact on their estate.

Reef Point LLC has put together a comprehensive article where they outline how a Deferred Sales Trust can be used to rescue a failed 1031 Exchange. In this post, they shed light on some of the most common concerns that investors have when approaching a DST, thoroughly explaining the various steps that can be taken over the course of a transition. "While these are trying times for everyone, we believe that there is a way forward. With some cunning and bold strategies, we can make the most out of this situation," says Greg Reese, founder of Reef Point LLC. He continues, "We have made use of this strategy in the past, to protect our clients from similar situations, proving that you can indeed use the Deferred Sales Trust to rescue a failed 1031 Exchange."

Greg Reese states that a Deferred Sales Trust is a proprietary strategy that, despite not being among the most popular or widely known, has been used for more than 20 years. It has withstood IRS and FINRA scrutiny and has successfully helped close over 3,000 transactions without a single adverse finding or consequence.

A DST offers two main advantages over a 1031 Exchange, with the foremost being that it allows its beneficiaries to invest their capital without being limited to purchasing real estate. Aside from this, there is no need to identify the DST within the 45-day identification period, allowing the investor to make a more calculated decision without being rushed.

"All-around, a DST is a better deal than a 1031 Exchange, at least in the current circumstances, although it is important to remember that the success of this lies in the experience and knowledge of whomever you choose to make this transition," explains Reese. "At Reef Point LLC, we are an authorized national Trustee for Deferred Sales Trusts, as well as nationally recognized experts on capital gains mitigation in real estate transactions. We know how to handle this process, and we guarantee that we can rescue your failed 1031 Exchange in order to successfully transition into a more permissive DST, allowing you to safely relocate your investment with minimum losses. This may be the best way forward, depending on your circumstances, and we are here to make sure that it all goes according to plan."

The company's website offers more details on Reef Point LLC and their services. Interested parties may reach out to Greg Reese to follow up with any questions via email (greg@reefpointusa.com) or telephone

(866-867-8633). Calls may be scheduled directly with Greg online at https://calendly.com/reefpoint.

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**Reef Point LLC**

*Reef Point LLC was founded by Gregory Reese. He is one of only 13 Trustees in the U.S. authorized to establish specialized Deferred Sales Trusts.*

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Reef Point LLC

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